

STATE OF NEW JERSEY  
DEPARTMENT OF LAW & PUBLIC SAFETY  
DIVISION OF CONSUMER AFFAIRS  
NEW JERSEY STATE  
REAL ESTATE APPRAISER BOARD

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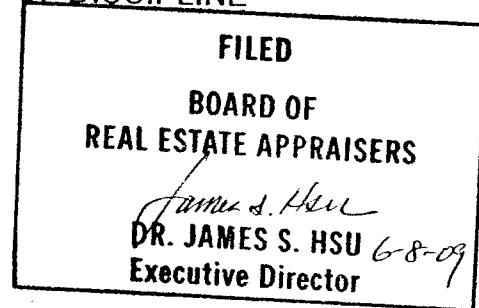
IN THE MATTER OF THE  
LICENSE OF

JOHN VARGHESE  
License #RA 00405600

TO ENGAGE IN REAL ESTATE  
APPRAISING IN THE  
STATE OF NEW JERSEY

Administrative Action

FINAL ORDER  
OF DISCIPLINE



This matter was opened to the New Jersey State Real Estate Appraiser Board ("the Board") upon receipt of information which the Board has reviewed and on which the following findings of fact and conclusions of law are made:

FINDINGS OF FACT

1. Respondent is a licensed residential real estate appraiser in the State of New Jersey, and has been a licensee of the Board at all times relevant hereto.
2. On or about January 27, 2007, respondent performed an appraisal of 543 South Park Avenue, Elizabeth, New Jersey.
3. The appraisal report indicated that the subject property sold in December of 2006 for \$365,000, and that the sale was a distress sale.
4. Respondent acknowledged in a communication to the Board that the sale

in December of 2006 was not a distress sale; he claimed that the distress sale occurred in 2001, and he included documents indicating that the 2001 sale was for \$62,500.

5. Respondent's report indicated that comparable sale #1, 646-648 Marshall Street, contained two units with ten rooms. However, a document in respondent's workfile, the multiple listing printout, which he cited as his information source in the report, indicated the property was a 3-family residence with 15 rooms.

6. Respondent stated in his communication to the Board that he did not know whether the three family use was legal, or whether the third level was heated, and therefore he did not consider the third level or the additional units in his report.

7. Inasmuch as respondent chose to disregard information that was provided to him about comparable #1, because he did not know whether it was valid, respondent necessarily provided incomplete information about comparable #1, in that without further investigation he had no basis for knowing whether or not the property was comparable to the subject.

8. The subject property only had on-street parking. Respondent maintained that he forgot to make adjustments to comparable sales #1, #2, and #3 which the multiple listing printout indicates had a two car detached garage, a detached garage and a driveway, and "additional parking," respectively.

9. Respondent failed to make adjustments to comparable #2 for having a finished basement and central air conditioning.

10. Standards Rule 1-1(a) of the USPAP require an appraiser to be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal; Standards Rule 1-1(b) requires an appraiser

not to commit a substantial error of omission or commission that significantly affects an appraisal; and Standards Rule 1-1(c) requires an appraiser not to render services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.

### CONCLUSIONS OF LAW

1. Respondent's identification of the prior sale of the subject in 2006 as a distress sale constitutes a substantial error of omission or commission in violation of Standards Rule 1-1(b).
2. Respondent's failure to adequately investigate to ascertain whether comparable #1 was an appropriate comparable to the subject property, i.e., whether it consisted of ten units or fifteen units; and respondent's failure to make appropriate adjustments to the comparables for parking facilities and amenities, constitute violations of Standards Rules 1-1(a) and 1-1(c).
3. Pursuant to N.J.A.C. 13:40A-6.1, respondent's violations of the USPAP subject respondent to sanctions pursuant to N.J.S.A. 45:1-21(e). In addition, respondent's acts and omissions as specified above subject him to sanctions pursuant to N.J.S.A. 45:1-21(d), for repeated acts of negligence.

Based on the foregoing findings and conclusions, a Provisional Order of Discipline was entered on April 24, 2009, provisionally imposing a public reprimand, and a civil penalty in the amount of \$2,500.00 for the above-specified violations. A copy of the Order was forwarded to respondent by certified and regular mail at his address of record. The Provisional Order was subject to finalization by the Board at

5:00 p.m. on the 30<sup>th</sup> business day following entry unless respondent requested a modification or dismissal of the stated Findings of Fact or Conclusions of Law by submitting a written request for modification or dismissal setting forth in writing any and all reasons why said findings and conclusions should be modified or dismissed and submitting any and all documents or other written evidence supporting respondent's request for consideration and reasons therefor.

Respondent replied to the Order, and concurred in the Board's findings and conclusions. Respondent admitted to his mistakes without qualification, and set forth his determination to make every effort not to repeat them. The Board considered this matter, and determined that further proceedings were not necessary, inasmuch as respondent did not contest the findings of fact and conclusions of law. The Board further determined, however, that in light of respondent's frank admissions and the fact that there was no prior history of disciplinary action and this was the first and only complaint received in connection with his appraisal practice, consideration with regard to the penalty was warranted. The Board decided that the order should be finalized without imposition of a public reprimand, and with a reduction of penalty to \$2,000.00.

ACCORDINGLY, IT IS on this 8<sup>th</sup> day of June, 2009,

ORDERED that:

1. A civil penalty in the amount of \$2,000.00 is hereby imposed upon respondent for the violation of N.J.S.A. 45:1-21(e). Payment shall be in the form of a certified check or money order, made payable to the State of New Jersey, and forwarded within twenty one (21) days of the entry of this Order to the attention of Dr. James S. Hsu, Executive Director, Board of Real Estate Appraisers, P.O. Box 45032,

124 Halsey Street, Third Floor, Newark, New Jersey 07101.

2. Failure to provide payment within the time set forth above may result in the filing of a certificate of debt.

NEW JERSEY STATE  
REAL ESTATE APPRAISER BOARD

*Cheryle A. Randolph-Sharpe*

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Cheryle Randolph-Sharpe  
Board President